



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

| | | | |
|-------------------------|----------------|----------------|---|
| Bill # | HB0514 | Title: | Exempt school districts from fuel taxes |
| Primary Sponsor: | Cohenour, Jill | Status: | As Introduced |

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

| | <u>FY 2010 Difference</u> | <u>FY 2011 Difference</u> | <u>FY 2012 Difference</u> | <u>FY 2013 Difference</u> |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Expenditures: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | (\$286,058) | (\$381,410) | (\$381,410) | (\$381,410) |
| Net Impact-General Fund Balance: | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

Description of fiscal impact: HB 514 allows an independent school bus contractor who transports students for school-related purposes to use dyed special fuel.

FISCAL ANALYSIS

Assumptions:

- Currently, dyed special fuel is not taxed by the federal government or the State of Montana. Under 15-70-330, MCA, vehicles using dyed special fuel cannot be driven on public roadways or highways.
- According to Montana Office of Public Instruction (OPI) – Montana Pupil Transportation Data, there are 2,606 school buses. Of these, 1,417 or 54% of the buses are owned by school districts and 1,189 or 46% of the buses are owned by independent contractors.
- According to transportation data published by OPI, the actual school bus route miles traveled per school year is 18,187,425 miles.
- The estimated miles traveled by school bus contractors are equal to 8,366,215 miles per year (18,187,425 x 46%).
- The American School Bus Council estimates the average fuel consumption for school buses is 7 miles per gallon (MPG).

6. The number of gallons of fuel used by school buses owned by independent contractors is estimated to be 1,195,174 (8,366,215 miles / 7 MPG).
7. This equates into a revenue loss to the Highway State Special Revenue Fund of \$331,661. (1,195,174 x .2775).
8. In addition to the daily transportation, the school buses will be used for school activities, such as field trips, sports etc. This is estimated an additional 15% usage of the school buses equal to \$49,749 (15% x \$331,661).
9. The total annual revenue loss is estimated to be \$381,410 (\$49,749 + \$331,661).
10. For FY 2010, the total revenue loss would equal \$286,058 (\$381,410 x $\frac{3}{4}$ year) due to a Oct 1, 2009 effective date.

| | <u>FY 2010 Difference</u> | <u>FY 2011 Difference</u> | <u>FY 2012 Difference</u> | <u>FY 2013 Difference</u> |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | <u>(\$286,058)</u> | <u>(\$381,410)</u> | <u>(\$381,410)</u> | <u>(\$381,410)</u> |
| TOTAL Revenues | <u>(\$286,058)</u> | <u>(\$381,410)</u> | <u>(\$381,410)</u> | <u>(\$381,410)</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | (\$286,058) | (\$381,410) | (\$381,410) | (\$381,410) |

Technical Notes:

1. In order to comply with statute, contractors would not be able to use their school buses for any other non-school activities, such as carrying other individuals/groups, unless the dyed fuel was drained from the tank and engine.
2. Any interstate travel may be in violation of other state's laws.
3. In school districts where dyed diesel fuel is not available, the contractor would use clear (taxed) fuel. The proposed bill allows school bus contractors to use dyed fuel. However, the bill does not allow a refund of taxes paid if clear (tax) paid fuel is used.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date